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# Character of American Influence on Eastern Europe in the Near Future

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THERE is, perhaps inevitably, a pre-millennial tone about most contemporary writings on the immediate future of Europe; all the misfortunes of the age are to be ended by the second coming of America. It is not my business to compete in prophetic prediction with veteran soothsayers, but whatever happens at Genoa and whatever is done in the State Department, I see no reason to anticipate any such active collaboration of America in European affairs as was expected early in 1919, and seems still to be expected by some persons on both sides of the Atlantic. Whatever we may think of the ideal of a world permeated by the general will and expressing this will through the machinery of the League of Nations, or something similar, it is only an ideal, and unlikely to be realized in this generation. Even if America should come back into Europe, should enter the League, America will not and cannot be "in" Europe as she was in the few months immediately after the Armistice.

The reason, obviously, is that such participation implies both an America and a Europe which do not exist. The general will postulated by Mr. Wilson's concept of the League does not exist and is not likely to exist in the immediate future. The probability of more active American participation in European economic and political problems, and the effect of such American participation, are topics on which I do not care to speculate; but it seems quite clear that there is to be no general infection of Europe with the American spirit, whatever that

may be, such as some optimists expected in the latter part of 1918.

This prospect is not altogether disheartening, certainly not to Europe. Not only in the beaten countries, not only in great powers which feared American participation in European politics as weakening to their own influence, has there been an unfortunate tendency to misuse historical analogy. Even in the smaller countries political students have sometimes been inclined to regard Wilson at Paris as the modern Flamininus, restoring an illusory liberty to a disorganized Old World, who in due course would be followed by an American Mummius Achaicus. The absurdity of this hardly needs demonstration in America, but it is sometimes forgotten that it is absurd chiefly because of the character of the American people. The opportunity to dominate Europe lay before Wilson almost as the opportunity to absorb Greece lay before Flamininus, allowing for the enormous economic power which America possessed at the Armistice. That it was not used was not wholly a matter of American domestic dissensions, or of the character of the leader; it was due quite as much to the insular interests of the American people—and also, in some degree, to the inexperience of American leaders in the use of their economic weapons. It can hardly be doubted that if England had possessed the economic power which America possessed at the end of the War, the reconstruction of Europe would have taken place only on such terms as were acceptable to England. America had

neither the popular will to imperialism, beneficent or otherwise, nor the capacity to carry such a will had popular consent been conceivable.

#### OUR DISINTERESTED PUBLIC OPINION

These are no doubt truisms, but their significance for the future international relations of America does not always seem to be appreciated. Any active, prolonged and effective influence of America on European politics or rather on the complicated political-economic international relations of today, postulates an American public opinion informed on, and interested in, world affairs. Such an opinion does not exist outside of very limited circles. No doubt it is growing, but very slowly. Even when it flashes up unexpectedly under the pressure of immediate economic need, as in the resolution of last winter's Agricultural Conference in favor of participation in the Genoa meeting, it is apt to be poorly informed and misdirected. For nearly a quarter of a century America has had territorial interests in the Far East; wars in the Philippines, in China and Manchuria, have attracted American interest; our diplomacy has in that field, as in hardly any other, had a continuing and consistent policy. Since 1898, in other words, we have had materials for the formation of a public opinion on Asiatic problems such as we have had for European questions only since 1918. Yet the Washington Conference, and the discussion of the treaties which followed it, showed that even on Asiatic affairs our public opinion was comparatively feeble and uneducated. To expect any general intelligent interest in European affairs for many years to come is rather visionary.

It may be argued that public opinion is not essential; that the people will follow if the leaders lead. That

depends, to some degree, on the leaders. The President who had labored successfully for more than two years to keep us out of war suddenly experienced a sort of religious conversion in the last days of January, 1917, and exerted himself as vigorously, and as successfully, to get us into war. To suppose that the incident can be duplicated is to presuppose the recurrence of its underlying causes, both historical and temperamental. The present administration does not seem to contain any personality very closely akin to that of Mr. Wilson, nor is any such illuminating experience as his to be expected. The road to Damascus is thorny with campaign promises and beset by footpads of considerable vigor and determination. Efforts to reach Damascus by by-paths over the hills have not hitherto been successful. And even if the administration should cease kicking against the pricks, it would find itself hampered by an unprepared public opinion. Wilson in 1919 was beaten to a considerable extent by the Wilson of 1915 and 1916; the mind of the masses is not able to make a complete about-face as promptly as that of its leaders.

It cannot be said that the tentative efforts of the present administration have had overwhelming success on either side of the Atlantic, but in any case they are not directed toward that active functioning of America as a member, with the European nations, of a world community, which was implied by Mr. Wilson's idea of the League. American influence, had that idea been realized, would have been powerful in Europe, not by any domineering pressure, but by a sort of boring from within. The change in the actual character of the League, a change necessitated by the fact that neither in America nor in Europe was

the popular temper such as the original League ideal presupposed, has ended any such prospect. The participation of the present administration in European affairs has so far taken the character rather of bludgeoning from without. From neither viewpoint does there seem to be much prospect of any great American influence on Europe, and certainly not of any influence which could be thought of as specifically and distinctly American. Such effect as American pressure may have on general European problems in the next few years seems likely to be due almost wholly to the fact that America is the one nation with money, rather than that America is a nation born of many races, which was the first to work out with fair success the ideal of federation which is Europe's best, even if remote, hope.

#### ECONOMIC ADVANTAGE OF DISINTERESTEDNESS

These general considerations apply still more strongly to those portions of central and eastern Europe occupied by the Succession States. American influence was powerful in the liberation or aggrandizement of these peoples; their revolutionary leaders, or many of them, lived and worked in America in the latter part of the War; American benevolence and American organizing ability did much for nearly all of them after the Armistice. What can America do for them now? So far as my observation goes, most of them have ceased to think of America as anything except the nation with money. Certainly this sentiment applies to America of the present and the future, whatever pleasant sentimental recollections are, or more often are not, entertained of the beneficent America of 1918 and 1919. No doubt American prestige is on the whole stronger in Czechoslovakia today than anywhere

else, but this may be due largely to the lengthened stay in that country of various American social service organizations whose work happens to be congenial to the Czech temperament. Elsewhere, America seems to be regarded chiefly as the great source of capital which can develop dormant resources or furnish lubricants for the economic machinery.

The opportunities lying open to American capital in eastern Europe need no description, but it is worth remembering that everywhere American capital is preferred to any other capital precisely because, for the time at any rate, America is not "in" Europe. British and French capital is usually available, though in less quantity, for national loans or productive enterprises in eastern Europe, and no doubt there are cases in which no political string is attached to loans or investments. But there have been so many cases in which economic aid was offered only on condition of political concessions that all the Succession States are nervous and suspicious. Rightly or wrongly, Yugoslavia, for example, ascribes the hostility of the major powers on the Albanian boundary issue to British and French economic understandings with Albania and Italy, as the Laodicean attitude of the Council of Ambassadors on the Hapsburg issue was ascribed to British and French investments in Hungary almost as much as to aristocratic or political influences. Throughout Yugoslavia there seems to be a pervading fear of selling away the national birthright, which sometimes expresses itself in declarations that the country would do better to dispense with foreign capital altogether, even if the price be unduly slow economic development, rather than give England and France control of vital elements in the national economy, or yield to demands

compromising cherished political ideals.

The same feeling appears a thousand miles further east in the latest dispatches (April 14) on the Anglo-American agreements about Persian oil fields. Persia wants American capital because America is on the other side of the world and likely to stay there. Of the British interests with which the Standard Oil Company found it advisable to collaborate there is deadly fear. Expressions of this same feeling toward British and French investments or loans can be found almost anywhere among the small states of eastern Europe, and not least in those already most closely bound to England and France.

The dependence of the Little Entente on France is generally much overemphasized. Within certain limits it is real enough, for it springs from a common interest in the preservation of the treaties, but it will not be carried into action any farther than that common interest requires. The only serious criticism of Dr. Benesh's foreign policy from Czech sources is based on a fear that he is too accommodating to France, and this in the country which owes France more than does any other except Poland. There is lively realization in all these countries that the danger of being expected to pull French chestnuts out of the fire has not passed, and every succession state has chestnuts enough of its own. And given the firm belief, supported by a good deal of evidence, that every pound is working for the British Empire and every franc for the strengthening of French political hegemony, it is no wonder that eastern Europe turns to the disinterested dollar.

Obviously, this advantage would not be ours if we were taking the active part in European politics which the original League idea implied. But such participation in European affairs

is now out of the question, even if America should take its place in the League. It is out of the question, because the League has not become the powerful instrument, the one agency of real international action, the one forum in which international disputes are fought out, which Mr. Wilson expected. Most unprejudiced observers will agree that the League's usefulness is already considerable, and is likely to be much larger. But it will be a long time before even a League including America would be able to impose effective restraint on the rival intrigues of the great powers. Even in the League, America would probably have only a somewhat tenuous connection with most European diplomatic questions, and to that extent our present economic advantage would probably be retained.

#### OUR TIMID AMERICAN CAPITAL

Nevertheless, it is a fact that this advantage, in eastern Europe, arises almost wholly from distance and disinterestedness. Notoriously, very little advantage is being taken of it; the dollar is probably the most timid creature on this planet. It is afraid of new wars, something that no European states want at present, and which most of them would like to avoid for all time. It is afraid, much more justly, of governmental incompetence, not unreasonably to be expected in new or greatly expanded states. To what extent must America get back into Europe to correct these conditions?

I am not a financier or economist, still less a clairvoyant; but it seems that to a considerable extent they are correcting themselves. What Europe may do of its own accord to reduce armaments and balance budgets is yet to be seen, but Europe seems to be much more deeply persuaded of the

necessity than a few months ago. It happened that I crossed the trail of Mr. Frank Vanderlip two or three times during his trip through eastern Europe last fall. He had not yet unfolded any of his schemes for a new heaven and a new earth, but was collecting information. In each capital he called in the finance minister and the leading bankers and asked a number of direct and searching questions. And after finding out all he could, it was his custom to deliver a brief sermon full of the most unimpeachable economic truths. "You must increase production; you must export more; you must cut down overloaded payrolls; you must increase taxes; you must make both ends meet."

And inevitably, the day after Mr. Vanderlip had left town, the papers were full, not of accounts of the government's program of reforms, but of rumors that the visit of the great American financier would probably be followed, before long, by an American loan.

All that seems to have changed, or to be changing. There is general realization now that American loans will come only when conditions promise safety. The placing of the recent Czechoslovak bond issue shows the way. Loans will come if the lenders think the borrower is managing his affairs properly, and not before—at least, loans which have no political conditions. It may be observed that recent British loans to Eastern Europe have apparently been based on business principles rather than political considerations—a sign that the British banker, as usual, is more alert than his American competitor. As in most international financial matters since the Armistice, the British banker in eastern Europe has started with a handicap which he has neutralized not

only by greater experience, but by greater daring. Americans who are willing to take the wildest chances at home are often afraid to take any chances abroad.

#### OPPORTUNITIES IN PRIVATE ENTERPRISE

More important than loans to governments, however, are investments in private enterprise. Here the advantage given to American capital by political disinterestedness is equally great; the security is usually better; the benefit to the country in which the enterprise is located is apt to be greater, and so is the profit. Yet American capital is slow, timid and often inept. Without making invidious distinctions, it may be said that in most countries of eastern Europe governmental venality is no serious handicap. Governmental regulation of trade has been a great obstacle, till lately; but there is good prospect that before long that will be a thing of the past—outside of Russia, at least, which may be expected to draw most of the "sucker" capital if it is opened up to general investment.

No doubt, the chief handicap of American capital will continue to be the lack of trained American direction. To some extent this may be supplied by returning immigrants schooled in American business practice and knowing as well the country in which they work. In a number of instances this has been done. But it is already clear that expectations of remigration on any noticeable scale will be disappointed. At the end of the War it seemed possible that this would be the most important phase of the influence of American life and ideals on the newly created or newly aggrandized states. Naturalized Americans who had made money, and learned how to make money, in the United States

were expected to go back in considerable numbers to the old home and help in reorganizing the economic life of undeveloped or disorganized nations. Notably in Rumania, it was hoped that the place of the Germans in the business life of the country might be filled by competent Rumanian-American business men.

As a matter of fact, this movement has nowhere attained any considerable dimensions. Some remigration there has been; and often the returning emigrant found that though he had been, perhaps, imperfectly Americanized, he had been trained away from an understanding of the old home and its ways. In one or two notable instances, moreover, the inexperience and overconfidence of American-trained business men led to spectacular collapses which destroyed the prestige of all who came from America. Relief funds sent from America and relief workers going back from America have rendered valuable service almost everywhere, and the naturalized Amer-

ican, or his children, who go back only for a summer or so to enjoy the advantages of depreciated exchange and forbidden beverages, have done something to bring money into the country; but in the mass the importance of this is inconsiderable.

Eastern Europe badly needs American capital for productive development, but any investment on a large scale will require serious study by investors and entrepreneurs, and the willingness of subordinate executives to learn the language and the ways of new countries. This is so obvious that there would be no need of saying it if American trade and investment abroad had not suffered so much by neglect of these simple truths. Our political isolation, more or less accidental, has given us an investment opportunity quite as remarkable as our political opportunity of three or four years ago. It remains to be seen if the national timidity which threw away the one will lose the other, and with far less excuse.

## America and the Attempt at Genoa

By JAMES G. McDONALD

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THE Genoa Conference has been one of the most interesting attempts to achieve peace that the statesmen of Europe have made since the Armistice. But why the need for the Conference? Certainly Europe has had conferences enough since the War; certainly Europe has had peace treaties enough since 1918. But no one today seriously argues that the treaty of Versailles, that of St. Germain, that with Hungary, or that of Sevres gave Europe effective peace. No one today seriously argues that the

numerous conferences which Lloyd George and his associates have held at many of the attractive watering places of western Europe have given real peace.

I mention these peace treaties and these peace conferences to emphasize what, to my mind, is the supreme fact in reference to the Genoa Conference, namely, that it is a desperate attempt on the part of Lloyd George to achieve what has not been achieved at any of these previous meetings, that is, effective peace in Europe.